

**The Extra Mile, Region VII, Inc.
Shreveport, Louisiana**

**Financial Statements
June 30, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-22-06

**The Extra Mile, Region VII, Inc.
Shreveport, Louisiana**

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The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

Statement of Financial Position
June 30, 2005
(With Comparative Totals for 2004)

Assets	2005	2004
Current assets		
Cash and cash equivalents	\$ 9,806	\$ 3,918
Restricted cash	684	-
Grants receivable	8,294	41,360
Accounts receivable	-	1,175
Intermediary receivable	8,189	19,990
Prepaid expenses	4,141	901
Total current assets	<u>31,114</u>	<u>67,344</u>
Equipment-net	12,977	4,064
Website development costs, net of accumulated amortization of \$4,747 and \$3,391	<u>2,035</u>	<u>3,391</u>
Total assets	<u>\$ 46,126</u>	<u>\$ 74,799</u>
Liabilities and Net Assets (Deficit)		
Current liabilities		
Accounts payable	\$ 19,673	\$ 21,857
Accrued payroll and taxes	2,960	1,419
Due to grantor	4,800	6,245
Refundable advances	14,048	8,008
Line of credit	10,248	14,999
Lease obligation – current portion	2,478	-
Total current liabilities	<u>54,207</u>	<u>52,528</u>
Lease obligation, net of current portion	3,408	-
Net assets (deficit)		
Unrestricted	(12,581)	19,892
Temporarily restricted	1,092	2,379
Permanently restricted	-	-
Total net assets (deficit)	<u>(11,489)</u>	<u>22,271</u>
Total liabilities and net assets (deficit)	<u>\$ 46,126</u>	<u>\$ 74,799</u>

The accompanying Notes are an integral part of the financial statements.

**The Extra Mile, Region VII, Inc.
Shreveport, Louisiana**

**Statement of Activities
for the Year Ended June 30, 2005
(With Comparative Totals for 2004)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2005 Totals	2004 Totals
Revenue					
Grant revenue	\$ 104,133	\$ 565	\$ -	\$ 104,698	\$ 121,606
Contributions	7,603	527	-	8,130	60
Fundraising	-	-	-	-	678
Administrative fees	15,597	-	-	15,597	15,889
Other revenue	6,837	-	-	6,837	492
Total revenues and other support	<u>134,170</u>	<u>1,092</u>	<u>-</u>	<u>135,262</u>	<u>138,725</u>
Net assets released from restrictions	2,379	(2,379)	-	-	-
Total revenue	<u>136,549</u>	<u>(1,287)</u>	<u>-</u>	<u>135,262</u>	<u>138,725</u>
Expenses					
Program services					
Youth Volunteers Corps	68,611	-	-	68,611	33,369
Big Brothers/Big Sisters	50,128	-	-	50,128	49,246
Total program services	<u>118,739</u>	<u>-</u>	<u>-</u>	<u>118,739</u>	<u>82,615</u>
Support services					
Management and general	50,283	-	-	50,283	66,232
Total support services	<u>50,283</u>	<u>-</u>	<u>-</u>	<u>50,283</u>	<u>66,232</u>
Total expenses	<u>169,022</u>	<u>-</u>	<u>-</u>	<u>169,022</u>	<u>148,847</u>
Increase (decrease) in net assets	(32,473)	(1,287)	-	(33,760)	(10,122)
Net assets, beginning of year	<u>19,892</u>	<u>2,379</u>	<u>-</u>	<u>22,271</u>	<u>32,393</u>
Net assets (deficit), end of year	<u>(\$ 12,581)</u>	<u>\$ 1,092</u>	<u>\$ -</u>	<u>(\$ 11,489)</u>	<u>\$ 22,271</u>

The accompanying Notes are an integral part of the financial statements.

**The Extra Mile, Region VII, Inc.
Shreveport, Louisiana**

Statement of Functional Expenses
for the Year Ended June 30, 2005
(With Comparative Totals for 2004)

	Big Brothers/Big Sisters	Youth Volunteers Corps	Management and General	2005 Totals	2004 Totals
	\$	\$	\$	\$	\$
Salaries and wages	35,374	25,920	13,682	74,976	56,162
Payroll taxes and related benefits	4,087	1,894	2,189	8,170	6,667
Travel	1,208	4,831	2,744	8,783	8,259
Operating services	14,234	5,443	16,072	35,749	26,043
Repairs and maintenance	-	245	3,449	3,694	-
Professional services	6,908	2,819	-	9,727	16,868
Building rent	1,452	4,417	5,074	10,943	11,279
Office supplies	137	319	4,483	4,939	6,165
Utilities and telephone	2,643	2,643	1,435	6,721	5,060
Education and training	-	-	-	-	7,866
Printing and promotion	971	-	358	1,329	1,000
Depreciation	1,055	1,055	525	2,635	827
Amortization	542	542	272	1,356	1,356
Volunteer recognition	-	-	-	-	1,295
Total	\$ 68,611	\$ 50,128	\$ 50,283	\$ 169,022	\$ 148,847

The accompanying Notes are an integral part of the financial statements.

The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

Statement of Cash Flows
for the Year Ended June 30, 2005
(With Comparative Totals for 2004)

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Decrease in net assets	(\$ 33,760)	(\$ 10,122)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation	2,635	827
Amortization	1,356	1,356
(Increase) decrease in		
Restricted cash	(684)	
Grant and intermediary receivable	44,867	(30,945)
Accounts receivable	1,175	(903)
Prepaid expenses	(3,240)	(129)
Increase (decrease) in		
Accounts payable	(2,184)	14,890
Accrued payroll and taxes	1,541	1,419
Due to grantor	(1,445)	-
Refundable advances	6,040	(1,276)
Cash provided by (used in) operating activities	<u>16,301</u>	<u>(24,883)</u>
Cash flows from investing activities		
Purchase of equipment	(11,548)	(1,239)
Cash used in investing activities	<u>(11,548)</u>	<u>(1,239)</u>
Cash flows from financing activities		
Net proceeds (payments) from revolving line of credit	(4,751)	14,999
Proceeds from capital lease obligations	7,612	-
Payments on capital lease obligations	(1,726)	-
Cash provided by financing activities	<u>1,135</u>	<u>14,999</u>
Net increase (decrease) in cash and cash equivalents	5,888	(11,123)
Cash and cash equivalents, beginning of year	<u>3,918</u>	<u>15,041</u>
Cash and cash equivalents, end of year	\$ <u>9,806</u>	\$ <u>3,918</u>
Cash paid during the year for:		
Interest	\$ <u>924</u>	\$ <u>267</u>

The accompanying Notes are an integral part of the financial statements.

**The Extra Mile, Region VII, Inc.
Shreveport, Louisiana**

Notes to the Financial Statements
June 30, 2005

Note 1 Organization and Significant Accounting Policies

The Extra Mile, Region VII, Inc. ("Extra Mile") is a not-for-profit corporation under the laws of the State of Louisiana. Extra Mile was established to provide volunteer coordination and support services for the Offices of Mental Health, Developmental Disabilities and Substance Abuse. Extra Mile serves the parishes of Caddo, Bossier, Webster, Claiborne, Bienville, Red River, Desoto, Sabine, Natchitoches and Winn in Region VII.

The Organization is comprised of the following two principal programs:

Youth Volunteers Corps

The Youth Volunteer Corps of Shreveport Bossier (YVC) is a program sponsored under The Extra Mile, Region VII, Inc. *Youth Volunteer Corps is a national organization that mobilizes youth between the ages of 11 and 18 in community service projects that promote service learning, citizenship, relationship building and leadership. YVC has several projects throughout the year such as Martin Luther King Day service project, National Youth Service Day, Make a Difference Day, and other national days of service. YVC also connects students to do volunteer work for non-profit agencies throughout the community. This program is funded primarily from CDBG grants from the City of Shreveport, Department of Health and Hospitals Office of Mental Health, Office of the Lieutenant Governor Louisiana Serve Commission, Points of Light Foundation and other miscellaneous contributions.*

Big Brothers/Big Sisters

Big Brothers/Big Sisters of Caddo-Bossier (BBBS) is a program sponsored under Extra Mile, Region VII, Inc. BBBS is a national organization that targets youth between the ages of 6 and 15 who come primarily from single parent households, grandparent-as primary-caregivers homes, low to moderate income households or children at risk of academic or behavior modification. The program's primary purpose is the creation of one-to-one relationships between adult volunteers and children through school-based and community based mentoring partnerships with faith based organizations. This program is funded primarily by CDBG grants from the City of Shreveport, Department of Health and Hospitals Office of Mental Health, Office of the Lieutenant Governor Louisiana Serve Commission, Points of Light Foundation, grants, contributions, membership fees and fundraising efforts of Big Brothers/Big Sisters of America and also other miscellaneous contributions.

The Organization also acts as fiscal agent for the Office of Mental Health in administering its Consumer Care Resources and Systems of Care grants and for the Office for Citizen's with Developmental Disabilities grant.

Summary of Significant Accounting Policies

Accounting policies of Extra Mile conform with accounting principles generally accepted in the United States of America and reflect practices appropriate to the industry in which it operates. The significant policies are summarized below.

Basis of Accounting: The agency prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Functional Expenses: Expenses are charged to each program based upon direct expenditures incurred.

Grants Receivable: Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or agreements. This balance represents amounts due from funding sources at June 30, 2005, but received after that date.

Intermediary Accounts: Extra Mile has entered into fiscal agency agreements with various agencies under the Department of Health and Hospitals whereby Extra Mile is the recipient organization that facilitates the transfer of assets between the grantor and the beneficiary and has no discretion as to their use. The transfer is subject to

the grantor's unilateral right to redirect the use of the assets to beneficiaries. The Organization had the following receivables at June 30, 2005:

Office of Mental Health Consumer Care Resources	\$ 8,189
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Refundable Advances: Certain funds have been received by Extra Mile as agent for the resource provider, and may be transferred to third parties only upon the authority of the resource provider. Since Extra Mile has no discretion as to their use, they are accounted for as refundable advances as follows:

NWRMR-OADA	\$ 98
NWRMR-OCDD	585
NWRMH	459
Mental Health Coalition	3,663
Breakaway Natchitoches/Metamorphosis	922
Pines Treatment Center	4,846
Pines Treatment Center Alumni	1,404
Challenge	716
Minden Mental Health	328
OADA Prevention	267
LA State Association Treasurer/BBBS	409
Shreveport Mental Health Center	351
	\$ 14,048

Grant Revenue: Extra Mile is dependent on federal and state grants. Its continued existence is based on annual contract renewals with various funding sources.

Net Assets: Under the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations", net assets and revenues and contributions, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporarily restricted net assets - Net assets that are subject to donor-imposed stipulations which may or will be met either by actions of the Organization and/or the passage of time. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted net assets - Net assets that are subject to donor-imposed stipulations requiring that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Contributions: All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Federal Income Taxes: Extra Mile is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization other than a private foundation. Extra Mile, therefore is not subject to income taxes. However, income from certain activities not directly related to Extra Mile's tax exempt purpose is subject to taxation as unrelated business income. Extra Mile had no such income for the year ended June 30, 2005. Extra Mile is also exempt from state income taxes.

Cash Equivalents: Extra Mile considers all highly liquid investments with a maturity of ninety (90) days or less, when purchased, to be cash equivalents.

Equipment: Equipment is stated at cost. Extra Mile follows the practice of capitalizing expenditures for equipment in excess of \$500. Depreciation of equipment is computed on a straight-line basis over the estimated useful lives of the assets.

Equipment owned by Extra Mile while used in the program for which it was purchased or in other future authorized programs totaled \$1,890 for the year ended June 30, 2005. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds; therefore, its disposition as well as the ownership of any sale proceeds therefore, is subject to funding source regulations.

Website development:- Costs are amortized on the straight-line basis over an estimated useful life of five years. Amortization expense for the year ended June 30, 2005 was \$1,356. The aggregate amortization expense for the year ending June 30, 2006 is estimated to be \$1,356 and \$678 for the year ended June 30, 2007.

Risks and Uncertainties: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Concentrations of Credit Risk: Financial instruments that potentially subject Extra Mile to concentrations of credit risk consist principally of temporary cash investments and grant receivables. Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2005, Extra Mile had no significant concentrations of credit risk in relation to grant receivables.

Extra Mile maintains cash balances at a single financial institution. These accounts collectively are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2005, there were no uninsured balances at these institutions, and Extra Mile had no significant concentrations of credit risk.

Summary Financial Information for 2004 - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Extra Mile's financial statements for the year ended June 30, 2004, from which the summarized information was derived.

Note 2 Equipment – Net

A summary of equipment at June 30, 2005 follows:

Furniture, fixtures, and movable equipment	\$	9,004
Computer equipment		<u>7,816</u>
		16,820
Accumulated depreciation	(<u>3,843</u>
Equipment, net	\$	<u>12,977</u>

Total depreciation expense charged to operations was \$2,635 for the year ended June 30, 2005.

Note 3 Leases

Operating Lease - On November 1, 2003, Extra Mile entered into an agreement to lease its office space for a one year term. Thereafter the lease may be renewed in one year increments at a monthly rental of \$770 for the year ended June 30, 2005. Total lease expense for 2005 totaled \$10,943.

Capital Lease - During 2005, the Company leased equipment under capital leases which expire in September 2007. The assets and liabilities under capital leases are recorded at present value of the future minimum lease payments. The assets are depreciated over their estimated useful lives. Depreciation on assets under capital leases charged to expense in 2005 totaled \$1,269. Gross assets recorded as capital leases of \$7,612 and accumulated depreciation of \$1,269, are included in property and equipment on the balance sheet as of June 30, 2005.

Minimum future lease payments under capital leases as of June 30 are as follows:

2006	\$	2,883
2007		2,883
2008		721
Total minimum lease payments		6,487
Less: Amount representing interest		601
Present value of net minimum lease payments		5,886
Less: Current obligations		2,478
Long-term obligations	\$	3,408

Interest rates on capitalized leases are imputed based on the Organization's incremental borrowing rate at the inception of each lease.

Note 4 Notes Payable

The Organization entered into the following debt agreements:

Promissory note payable on demand under a \$30,000 line of credit with a bank, bearing interest at prime plus 3%, adjusted monthly, unsecured. The interest rate at June 30, 2005 was 10%.

	\$	10,248
Less: current portion	(10,248)
Long-term portion	\$	-

Interest expense for the year ended June 30, 2005 totaled \$924.

Note 5 Temporarily Restricted Net Assets

Temporarily restricted net assets of \$1,092 at June 30, 2005 was composed of unexpended grant funds and contributions earmarked for program purposes.

Note 6 Concentrations

The Organization received grant revenue from the following sources in 2005:

Federal, state and local		
DHH – Office of Mental Health	51	%
CDBG – City of Shreveport	14	%
DHH – Office of Addictive Disorders	11	%
Weed and Seed - City of Shreveport	10	%
Louisiana Campaign for Tobacco-Free Living	3	%
Other		
Points of Light Foundation	11	%
	<hr/>	<hr/>
	100	%

Note 7 Commitments and Contingencies

Grants require the fulfillment of certain conditions as set forth in grant contracts. Failure to fulfill the conditions as set forth in the grant contracts could result in the return of grant funds to the grantor.

Note 8 Going Concern Considerations

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the company as a going concern. However, the company has sustained substantial operating losses in recent years resulting in a deficit in net assets. In addition, the company has used substantial amounts of their revolving line of credit as working capital.

The Extra Mile Region VII, Inc.'s operating losses are due to the lack of funding for the Big Brothers/Big Sisters (BBBS) Program for the year ending June 30, 2005. As of October 2005, The Extra Mile has received a Capacity Building Grant from the Administration of Children and Families in the amount of \$50,000 to be used as support for the BBBS Program. Through this grant, The Extra Mile has employed a Fund/Partnership Development Coordinator and Enrollment/Support Specialist for the BBBS Program. The Board of Directors along with the Executive Director and staff have received extensive training on cultivating funds for the ongoing operations of the organization.

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Certified Public Accountants, Consultants

Independent Auditor's Report

To the Board of Directors of
The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

We have audited the accompanying statement of financial position of The Extra Mile, Region VII, Inc. (a nonprofit organization) as of June 30, 2005, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of The Extra Mile, Region VII, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2004 financial statements and, in our report, dated September 20, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Extra Mile, Region VII, Inc. as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2005 on our consideration of The Extra Mile, Region VII, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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A Corporation of
Certified Public Accountants
Shreveport, Louisiana
December 16, 2005

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Certified Public Accountants, Consultants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
The Extra Mile, Region VII, Inc.
Shreveport, Louisiana

We have audited the financial statements of The Extra Mile, Region VII, Inc. (a nonprofit organization) as of and for the year ended June 30, 2005, and have issued our report thereon dated December 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Extra Mile, Region VII, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect The Extra Mile, Region VII, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions noted are described in the accompanying schedule of findings and questioned costs as items 2005-1, 2005-2, 2005-3 and 2005-4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2005-1, 2005-2 and 2005-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Extra Mile, Region VII, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2005-2 and 2005-3.

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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A Corporation of
Certified Public Accountants
Shreveport, Louisiana
December 16, 2005

The Extra Mile, Region VII, Inc.

**Schedule of Findings and Questioned Costs
for the Year Ended June 30, 2005**

We have audited the financial statements of The Extra Mile, Region VII, Inc., as of and for the year ended June 30, 2005, and have issued our report thereon dated December 16, 2005. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2005 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses: Yes

Reportable Conditions: Yes

Compliance

Compliance Material to Financial Statements: Yes

b. Federal Awards – Not Applicable.

c. Identification of Major Programs – Not Applicable.

Section II Financial Statement Findings

Finding 2005-1 Old outstanding items on the bank reconciliation are not researched and resolved in a timely manner.

Condition: There were five outstanding deposits totaling \$9,060.84 which were recorded during the time period from September 28, 2004 to February 21, 2005 on the June 30, 2005 bank reconciliation. Follow up investigation during the audit revealed that one deposit in the amount of \$3,610.76 had been misplaced and never deposited. This deposit was located during the audit and \$3,457.76 was subsequently deposited. The difference of \$153 represented contributions received from individuals which were not deposited due to stale dates on the checks. Follow up investigation during the audit revealed that the remaining deposits were recorded twice. Adjustments were made to reverse these deposits from the accounting records.

Criteria: Outstanding reconciling items should be investigated on a monthly basis as a part of the reconciliation process to determine if the items are valid reconciling items.

Effect: Cash as reported in the internally prepared financial statements was materially misstated at June 30, 2005.

Cause: Extra Mile hired a new bookkeeper in October, 2005 who has a computer networking degree but not an accounting degree. During the first four months, the new bookkeeper routinely recorded deposits twice. This practice stopped as she became more comfortable in the position. However, she did not recognize the need to go back and research the outstanding items which she had recorded in error or the misplaced deposit which had been recorded prior to her hire date. Although the reconciliations were initiated as reviewed by the executive director, the reviewer did not realize the importance of researching and resolving the reconciling items.

Questioned Costs: \$0

Recommendations: The Executive Director should set policies establishing criteria for determining when

outstanding reconciling items should be investigated. Items meeting the criteria should be researched and resolved on a monthly basis by the bookkeeper. The monthly review of the bank reconciliations by the Executive Director should be expanded to insure that old outstanding items have been researched and resolved timely.

Finding 2005-2 *The organization does not have procedures in place to ensure that all requests for reimbursement are properly supported.*

Condition: Costs incurred under the Consumer Care Resources cost reimbursement grant in the amount of \$1,799.55 were submitted to the state for reimbursement twice.

Criteria: All requests for reimbursement should be properly supported.

Effect: The organization was overpaid by the state in the amount of \$1,799.55. An audit adjustment has been proposed to set up a payable to the state for the amount received in error.

Cause: Extra Mile wrote a check in the amount of \$1,799.55, included this amount on the December 2004 report to the state and was reimbursed. Subsequent to writing the check, Extra Mile voided the original check and wrote four checks to replace the voided check. The reissued checks were improperly included on the January 2005 report to the state and the organization was reimbursed again for the same costs.

Questioned Costs: \$0

Recommendations: We recommend that Extra Mile implement procedures to ensure voided checks are properly considered when requesting reimbursement for costs incurred. We further recommend that the organization implement monthly reconciliation procedures to ensure that reimbursements received under cost reimbursement grants do not exceed costs incurred.

Finding 2005-3 *The organization does not have procedures in place to ensure that funds received in error are properly recorded and remitted to the granting agency on a timely basis.*

Condition: As discussed in Finding 2005-2, we noted one instance in which Extra Mile was overpaid \$1,799.55 as a result of duplicate billing which was not repaid on a timely basis to the granting agency. We also noted one instance in which Extra Mile, acting as agent administering the Consumer Care Resources grant, paid an invoice in the amount of \$3,000 to a physician for services rendered, included the invoice on the monthly report to the state and was reimbursed by the state. Subsequent to reimbursement by the state, the organization was notified by the Office of Mental Health that the services were never provided and that the physician was returning the funds to Extra Mile. Extra Mile reduced costs incurred as a result of receiving the refund but failed to reduce reimbursements received and return the funds to the state.

Criteria: Funds received in error should be promptly returned to the granting agency.

Effect: At June 30, 2005, the organization had received under cost reimbursement grants \$4,799.55 in excess of actual costs incurred. The excess funds had not been remitted to the granting agency. An audit adjustment has been proposed to set up a payable to the granting agency.

Cause: During 2005, the organization hired a bookkeeper who has a degree in computer networking and is not familiar with cost reimbursement grant accounting. The Extra Mile failed to offer adequate training in cost reimbursement grant accounting and did not implement sufficient procedures to reconcile grant revenue and expenses on a monthly basis.

Questioned Costs: \$0

Recommendations: We recommend that the organization implement monthly reconciliation procedures to insure that revenue recognized under cost reimbursement grants does not exceed costs incurred and to insure that amounts reimbursed in excess of costs incurred are promptly returned to the grantor.

Finding 2005-4 *Extra Mile is not operating in accordance with its articles of incorporation and by-laws with regard to the number of members on its Board of Directors.*

Condition: *The Board of Directors currently consists of only five members.*

Criteria: *The organization's articles of incorporation and by-laws state that the Board shall consist of no fewer than twelve and no more than twenty-five members.*

Cause: *Due to life demands and/ or life changes related to the original board members, many resigned or became inactive. Failure of the nominating committee to make recommendations to the board placed the burden of recruitment on the executive director.*

Effect: *Many of the Board's functions have fallen to the executive director.*

Questioned Costs: \$0

Recommendations: *We recommend that the Board, after giving consideration to the size and purpose of the organization, should determine a reasonable number of directors for the organization and revise the articles of incorporation and by-laws accordingly. We further recommend that an extensive search be made for qualified individuals to serve on the Board.*

Section III Federal Award Findings and Questioned Costs

Not Applicable.

**The Extra Mile, Region VII, Inc.
Shreveport, Louisiana**

**Schedule of Prior Year Findings
for the Year Ended June 30, 2005**

Finding 2004-1 Audited financial statements were not filed timely with the Department of Health and Hospitals Office of Mental Health (OMH).

Status: Corrective action taken.

Finding 2004-2 Extra Mile, operating as fiscal agent for the OMH, held checks for services rendered to OMH clients due to insufficient cash flow during the months of June 2004 and 2003.

Status: Corrective action taken.

Finding 2004-3 Lack of segregation of duties over the cash transaction cycle. The executive director controlled the cash transaction cycle from inception to completion.

Status: Corrective action taken.

Finding 2004-4 At June 30, 2004, Extra Mile had insufficient funds on hand to pay refundable advances.

Status: Extra Mile did not account for funds in a separate bank account to ensure the Extra Mile maintained sufficient funds on hand to pay refundable advances as previously reported in our corrective action plan. As an alternative, Extra Mile increased its line of credit to ensure it has access to sufficient funds to pay refundable advances. Finding is considered resolved.

Finding 2004-5 Extra Mile is not operating in accordance with its articles of incorporation and by-laws with regard to the number of members on its Board of Directors.

Status: This is a repeat finding in 2005.



The Extra Mile Region VII, Inc.

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The Extra Mile Region VII, Inc
Management's Corrective Action Plan
For The Year Ended June 30, 2005

Submitted: January 3, 2006

Section II Financial Statement Findings

Finding 2005-1 Old outstanding items on the bank reconciliation are not researched and resolved in a timely manner.

Recommendations: The Executive Director should set policies establishing criteria for determining when outstanding reconciling items should be investigated. Items meeting the criteria should be researched and resolved on a monthly basis by the bookkeeper. The monthly review of the bank reconciliation by the Executive Director should be expanded to ensure that old outstanding items have been researched and resolved timely.

Response: The Executive Director has received training in the area of reconciliation of bank statements. Procedures for reconciling statements will be incorporated and performed monthly to ensure that items are reviewed, researched and resolved monthly by the bookkeeper, and approved by the Executive Director.

Finding 2005-2 The organization does not have procedures in place to ensure that all requests for reimbursements are properly supported.

Recommendations: We recommend that The Extra Mile implement procedures to ensure voided checks are properly considered when requesting reimbursement for cost incurred. We further recommend that the organization implement monthly reconciliation procedures to ensure that reimbursements received under cost reimbursement grants do not exceed cost incurred.

Response: The organization has worked with OMH to incorporate a review of invoice process to ensure that request for reimbursements invoices are reviewed, justified and approved by OMH before submission for reimbursement. The Extra Mile will also incorporate measures to document all VOIDED checks on invoices with corrections reflected therein.



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Finding 2005-03 The organization does not have procedures in place to ensure that funds received in error are properly recorded and remitted to the granting agency on a timely basis.

Recommendation: We recommend that the organization implement monthly reconciliation procedures to ensure that revenue recognized under cost reimbursement grants does not exceed cost incurred and to ensure that amounts reimbursed in excess of cost incurred are promptly returned to the grantor.

Response: The organization has worked with OMH to incorporate a review of invoice process to ensure that request for reimbursements invoices are reviewed, justified with correct supporting documentation and approved by OMH before submission for reimbursement. The Extra Mile has also incorporated procedures to review along with OMH all corrections to ensure that any discrepancies are acted upon prior to submission of reimbursement request thereby, eliminating the likelihood of overpayments and underpayment.

Finding 2005-4 The Extra Mile is not operating in accordance with its articles of incorporation and by-laws with regard to the number of members on its Board of Directors.

Recommendations: We recommend that the Board, after giving consideration to the size and purpose of the organization, should determine a reasonable number of directors for the organization and revise the articles of incorporation and by-laws accordingly. We further recommend that an extensive search be made for qualified individuals to serve on the Board.

Response The organization is in the process of restaffing the board with qualified individuals. It will be recommended to the Board to revise the articles of incorporation and by-laws to reflect a more feasible number of Board members due to the size and purpose of the organization.


Vickie Marshall
Executive Director

01/03/06
Date